

GREAT AMERICAN FAMILY PARKS INC
Form 10QSB
May 15, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-QSB

(Mark One)

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2007

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TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER _____

GREAT AMERICAN FAMILY PARKS, INC.

(Name of small business issuer in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

91-0626756
(I.R.S. Employer
Identification No.)

3420 Ocean Park Boulevard, Suite 3000

Santa Monica, CA 90405

(Address of principal executive offices)

Issuer's telephone Number: **(310) 450-9100**

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes S No £

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of May 10, 2007, the issuer had 51,886,537 outstanding shares of Common Stock, \$.001 par value per share.

Transitional Small Business Disclosure Format (check one): Yes £ No S

GREAT AMERICAN FAMILY PARKS, INC.

MARCH 31, 2007 QUARTERLY REPORT ON FORM 10-QSB

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PART I FINANCIAL INFORMATION**Item 1.****Financial Statements.****GREAT AMERICAN FAMILY PARKS, INC. and SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS - unaudited****March 31, 2007****ASSETS****CURRENT ASSETS**

Cash	\$ 1,076,745
Accounts receivable - trade	13,548
Accounts receivable - related parties	149,646
Inventory	58,439
Prepaid expenses	36,053
Total Current Assets	1,334,431

PROPERTY and EQUIPMENT - net of depreciation	4,686,390
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OTHER ASSETS

Note receivable	300,000
Deposits	10,683
Franchise and loan fees - net of amortization	28,690
Intercompany advances - affiliates	41,600
	380,973
	\$ 6,401,794

LIABILITIES and STOCKHOLDERS' EQUITY**CURRENT LIABILITIES**

Accounts payable	\$ 170,798
Mortgage payable - theme park - current maturities	64,190

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Total Current Liabilities	234,988
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LONG TERM LIABILITIES - net of current maturities

Mortgage payable - theme park	2,164,761
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STOCKHOLDERS' EQUITY

Common stock

300,000,000 shares authorized, at \$.001 par value;

51,886,537 shares issued and outstanding	51,886
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Capital in excess of par value	4,443,510
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Retained earnings (deficit)	(493,351)
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4,002,045

\$	6,401,794
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The accompanying notes are an integral part of these financial statements.

GREAT AMERICAN FAMILY PARKS, INC. and SUBSIDIARIES**CONSOLIDATED STATEMENT OF OPERATIONS - unaudited****For the Three Months Ended March 31, 2007 and 2006**

	Mar 31, 2007	Mar 31, 2006
SALES	\$ 537,928	\$ 1,868,283
COST OF SALES	242,589	1,570,044
Gross Profit	295,339	298,239
OPERATING EXPENSES		
Administrative	339,872	349,421
Depreciation & amortization	41,740	27,246
	381,612	376,667
NET PROFIT (LOSS) FROM OPERATIONS	(86,273)	(78,428)
OTHER INCOME AND EXPENSES		
Interest income	10,732	2,250
Other income	128,075	8,965
Interest expense	(47,055)	(53,620)
NET INCOME (LOSS)	\$ 5,479	\$ (120,833)
NET LOSS PER COMMON SHARE		
Basic and diluted	\$ -	\$ -

AVERAGE OUTSTANDING SHARES - (stated in 1,000's)

Basic	51,887	44,947
Diluted	65,074	58,134

The accompanying notes are an integral part of these financial statements.

GREAT AMERICAN FAMILY PARKS, INC. and SUBSIDIARIES**CONSOLIDATED STATEMENT OF CASH FLOWS - unaudited****For the Three Months Ended March 31, 2007 and 2006**

	Mar 31,	Mar 31,
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss)	\$ 5,479	\$ (120,833)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	41,740	51,831
Changes in		
Intercompany advances	-	(34,303)
Accounts receivable	(141,723)	(20,994)
Prepaid expenses & deposits	33,799	7,054
Accounts payable	(148,617)	207,770
Net Change From Operations	(209,322)	90,525
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property & equipment	(34,704)	(28,094)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	-	(12,211)
Payments on notes payable	-	(4,601)
Payments on mortgage payable	(14,372)	(13,346)
	(14,372)	(30,158)

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Net Change in Cash		(258,398)		32,273
Cash at Beginning of Period		1,335,143		63,213
Cash at End of Period	\$	1,076,745	\$	95,486

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest expense	\$	47,055	\$	53,620
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The accompanying notes are an integral part of these financial statements.

GREAT AMERICAN FAMILY PARKS, INC. and SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

1.

ORGANIZATION

Great American Family Parks, Inc. (GAFP) (formally Royal Pacific Resources, Inc.) is a Nevada corporation formed during 2002 for the purpose of merging with Painted Deseret Uranium and Oil Company, Inc., a Washington corporation, incorporated in 1954, with the merger being completed on July 25, 2002.

On December 23, 2003 GAFP completed the acquisition of all member interests in Crossroads Convenience Center, LLC (CCC) from Great Western Parks LLC by the issuance of 27,067,000 shares of its common capital stock, representing 91.4% of the outstanding stock after the acquisition, which was accounted for as a reverse acquisition, in which Great Western Parks LLC was considered to be the acquirer of Royal Pacific Resources Inc. for reporting purposes. The outstanding stock of GAFP before the acquisition was 2,533,000 and after 29,600,000. The continuing operations of the business are those of CCC including its prior historical financial statements and the operations of GAFP from December 23, 2003. The financial statements show a retroactive restatement of CCC's historical members' equity to reflect the equivalent number of shares of common stock issued in the acquisition.

Crossroads Convenience Center, LLC (CCC) was organized under the laws of the State of Idaho on June 18, 1998. CCC's primary business activity is operating a retail convenience center, which includes a Chevron gasoline station, and a convenience store in Nampa, Idaho. The assets and business activity of CCC were sold in October and November 2006.

On June 13, 2005 the Company acquired the theme park outlined in note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Methods

The Company recognizes income and expenses based on the accrual method of accounting.

Dividend Policy

The Company has not yet adopted a policy regarding payment of dividends.

Basic and Diluted Net Income (Loss) Per Share

Basic net income (loss) per share amounts are computed based on the weighted average number of shares actually outstanding. Diluted net income (loss) per share amounts are computed using the weighted average number of common shares and common equivalent shares outstanding as if shares had been issued on the exercise any common share rights unless the exercise becomes antidilutive and then only the basic per share amounts are shown in the report.

Revenue Recognition

The major source of income is received in the form of cash sales from a convenience center and gas station, and a theme park. Revenue is recognized upon receipt of the cash from the sale of a product or service.

GREAT AMERICAN FAMILY PARKS, INC. and SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (Continued)

March 31, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Advertising and Market Development

The company expenses advertising and market development costs as incurred.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws that will be in effect, when the differences are expected to reverse. An allowance against deferred tax assets is recorded, when it is more likely than not, that such tax benefits will not be realized.

CCC is a limited liability company with all tax attributes passing through to its members. Before the acquisition date of December 23, 2003, the income of CCC passed through to the former members. Accordingly, there is no provision for income taxes in the accompanying financial statements associated with the income of CCC prior to acquisition.

After the acquisition by GAFP the income or loss of CCC passes through to GAFP, the sole member of CCC. On March 31, 2007, the Company and its subsidiaries had a net operating loss available for carry forward of \$681,948.

The tax benefit of approximately \$205,000 from the loss carry forward has been fully offset by a valuation reserve because the use of the future tax benefit is doubtful since the Company is unable to project a reliable future net income. The loss carryforward expires beginning in the 2024.

Principles of Consolidation

The accompanying consolidated financial statements includes the accounts of GAFP, (parent) and its subsidiaries CCC, and Wild Animal Safari, Inc. Revenues and expenses of GAFP are included for the period subsequent to December 23, 2003 and includes the accounts of CCC and Wild Animal Safari, Inc. from their inceptions. All material intercompany accounts and transactions have been eliminated.

Financial and Concentrations Risk

The Company does not have any concentration or related financial credit risks except for the accounts receivable and a note receivable, however, the Company considers the accounts to be fully collectable.

Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing these financial statements.

GREAT AMERICAN FAMILY PARKS, INC. and SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS (Continued)****Mach 31, 2007****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**Property and equipment

Property and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from five to thirty nine years. A summary is included below.

Land	\$ 1,762,005
Buildings and improvements	2,345,413
Equipment	471,996
Animals	403,698
Less accumulated depreciation	(296,722)
Net	\$ 4,686,390

Inventory

Inventory consists of park supplies, and are stated at the lower of cost or market. Cost is determined on the first-in, first-out method.

Impairment of Long-Lived Assets

The Company reviews its major assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If an asset is considered to be impaired, the impairment will be recognized in an amount determined by the excess of the carrying amount of the asset over its fair value.

Financial Instruments

The carrying amounts of financial instruments are considered by management to be their estimated fair values due to their short term maturities.

Stock-based Compensation

Prior to October 1, 2006, we accounted for stock-based compensation under the recognition and measurement principles of SFAS No. 123 and as permitted under APB Opinion No. 25, and related interpretations. Effective October 1, 2006, we adopted FAS 123R using the modified prospective method recognizing compensation costs on a straight-line basis over the requisite service period of the award. SFAS No. 123R requires that cash flows resulting from tax deductions in excess of the cumulative compensation cost recognized for options exercised be classified as cash inflows from financing activities and cash outflows from operating activities. We also apply SFAS No. 123R and the EITF No 96-18 stock based compensation to non-employees.

Other Recent Accounting Pronouncements

The Company does not expect that the adoption of other recent accounting pronouncements will have a material impact on its financial statements.

GREAT AMERICAN FAMILY PARKS, INC. and SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (Continued)

March 31, 2007

3. MORTGAGE PAYABLE - THEME PARK

On November 8, 2004, the Company entered into an Asset Purchase Agreement with Ron Snider & Associates, Inc. to purchase animals and other park property for a theme park in Pine Mountain Georgia for \$700,000, with an extended closing date of June 13, 2005. At closing the Company paid \$350,000 and a promissory note for the balance. The promissory note includes interest at 7.5% per annum and will be payable in eighty-three monthly installments of principle and interest of \$5,368. The Company also entered into a Real Estate Purchase Agreement with individuals and a partnership for the acquisition of the land underlying the theme park site, including the improvements, buildings, and fixtures for \$4,000,000. The Company paid \$2,000,000 and a promissory note for \$2,000,000 for the balance at closing. The note for the purchase of the real property will bear interest at 7.5% per annum and will be payable in eighty-three monthly installments of principal and interest of \$30,676. Both notes are secured by a first priority Security Agreement on the assets and a first Security Deed on the real estate.

On November 17, 2005 Wild Animal Safari, Inc. (subsidiary) completed the refinancing of the debt incurred on June 13, 2005, above, in the acquisition of the Wild Animal Safari theme park from Ron Snider & Associates, Inc. and related entities. This refinancing was obtained from Commercial Bank & Trust Company of Troup County in LaGrange, Georgia. As a result of this refinancing, Ron Snider & Associates, Inc. and its affiliated entities were paid in full and the liens which were held by those entities against the Wild Animal Safari theme park assets were released. In place of the original seven year financing, which was provided by the Snider entities, there is now a loan due by Wild Animal Safari, Inc. to Commercial Bank & Trust.

This new loan will be repaid in monthly installments based on a twenty year amortization schedule. The interest rate on the new loan is 7.75% for the first five years. The interest rate will be renegotiated at the end of the initial five years of the payment term on November 17, 2010, but as part of the refinancing the bank has agreed to extend the payment term for an additional fifteen years after November 17, 2010, subject to no default. The new loan is secured by a first priority security agreement and a first priority security deed on the Wild Animal Safari theme park assets. The old loan had a monthly payment of \$30,767 and the new loan a monthly payment of \$18,883.

In addition, on November 17, 2005, Wild Animal Safari, Inc. (subsidiary) obtained a line of credit loan from Commercial Bank & Trust Company of Troup County for working capital purposes in the principal amount of \$200,000. This line of credit loan is renewable annually, subject to the satisfactory performance by Wild Animal

Safari, Inc. under the terms of the line of credit. It is also secured by a lien on the Wild Animal Safari theme park assets.

At December 31, 2006, the scheduled future principal maturities for the note are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2007	59,418
2008	64,190
2009	69,345
2010	74,530
2011 thereafter	1,975,840

GREAT AMERICAN FAMILY PARKS, INC. and SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (Continued)

March 31, 2007

4. CAPITAL STOCK

On September 27, 2004, the Company issued 2,984,400 private placement common shares for cash, and 2,059,200 warrants under a Purchase Agreements dated June 10, 2004. Each warrant includes the right to purchase an additional common share at \$0.30 per share at any time within five years.

During June 2005 the Company completed an offering of 11,128,000 common shares for cash. Included as part of the sale were warrants to purchase 11,128,000 common shares at any time before June 23, 2010 at an exercise price of \$0.35.

On the date of this report none of the warrants had been exercised.

During 2005 the Company issued 634,000 common shares for services and expenses at \$.30 per share and during 2006 6,940,000 common shares for services at \$0.15 per share.

5. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Officer-directors and their controlled entities have acquired 29% of the outstanding common stock of the Company, and during the year ended December 31, 2005 the Company paid \$169,480 in salaries to officers, and during 2006 \$314,300. For the quarter ended March 31, 2007 the Company paid \$70,207 in salaries.

On March 31, 2007 the Company had a no interest demand loan due from an affiliate of \$41,600 and no interest demand loans due from related parties of \$ 149,646. Both are scheduled for payoff in 2007.

The affiliation resulted by common officers of the affiliates and the Company.

Employment Agreements

On February 1, 2005, the Company entered into separate employment agreements with four officers which provide for base annual salaries of aggregate payments of \$260,000, as compensation for the part-time employment of the officers until a second theme park is acquired. Each agreement has a base term of three years effective February 1, 2005 and provides for base annual salaries of \$120,000 to Larry Eastland, the president and CEO, \$40,000 to Dale Van Voorhis, the CFO, and \$60,000 to James Meikle, President of the Theme Park. The agreements are renewable for additional period of two years, unless notice is given to the contrary. Upon the acquisition of a second theme park, the salaries will increase to aggregate payments of \$330,000 and provide for base annual salaries of respectively \$170,000, \$60,000, and \$100,000. With the acquisition of additional theme parks, salaries will be reviewed with consideration given to resulting increased work and responsibility. Health insurance is provided in the form of a Blue Cross Plan for two officers and their families.

The president of the Company will receive an annual cash bonus based upon a percentage of our pre-tax income for each fiscal year covered by the employment agreement at a percentage of 2%. No bonus is payable unless the Company earns pre-tax income in excess of \$500,000.

GREAT AMERICAN FAMILY PARKS, INC. and SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (Continued)

March 31, 2007

5. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES - continued

Each of the employment agreements also provides for the payment of additional severance compensation, in amounts based on a formula of not less than three times the executive's then current base salary, at any time during the term when either of the following occurs: (i) the agreement is terminated by us without cause (as defined therein), or (ii) terminated by the executive due to a change in control (as defined therein). These agreements also entitle the officers to participate in Stock Option Plans to be set up. Upon hiring additional marketing personnel, we may enter into additional employment agreements, which we anticipate may contain similar terms to our existing employment agreements.

6. SALE OF ASSETS AND OPERATIONS OF CROSSROADS CONVENIENCE CENTER LLC

During October and November 2006 the Company sold the assets and operations of Crossroads Convenience Center, LLC (CCC) for cash, payment of Company debt, and an 8.0% \$300,000 note receivable due in 2011. The note is secured by 300,000 restricted common shares of the Company and can be sold to pay the note at the option of the Company.

7. OPERATING SEGMENT DISCLOSURE

Included in the following are the condensed operating statements of Great American Family Parks, Inc. (administrative division), Wild Animal Safari, Inc. (Theme Park), and Crossroads Convenience Center, LLC (CCC) for the three months ended March 31, 2006.

GAFP is the administrative division that serves CCC and the Theme Park.

CCC is a wholly owned subsidiary of the Company, which operates a retail convenience center, including a Chevron gasoline station, and a convenience store in Nampa, Idaho. The assets and the operations were sold in October and November 2006.

Theme Park is a wholly owned subsidiary of the Company and operates a wild animal theme park located in Pine Mountain, Georgia. The cost of sales shown for the theme park includes all direct costs, including supplies, park wages, animal food, truck expense, and maintenance.

There were no inter-company operational transactions and no provision for income tax has been provided because a net operating loss carryforward is available to offset any profit.

GREAT AMERICAN FAMILY PARKS, INC. and SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS (Continued)****March 31, 2007****7. OPERATING SEGMENT DISCLOSURE - continued**

	GAFP	CCC	Theme Park	Adjust- ments	Combined
SALES	\$ -	\$ 1,600	\$ 268		\$ 1,868
COST OF SALES	-	1,414	156		1,570
Gross Profit	-	186	112		298
EXPENSES					
Administration	134	97	107		338
Depreciation and amortization	2	25	-		27
Interest	1	8	45		54
	137	130	152		419
NET PROFIT (LOSS) -before income tax	\$ (137)	\$ 56	\$ (40)		\$ (121)

Item 2

Management's Discussion and Analysis or Plan of Operation.

The information in this report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This Act provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information about themselves so long as they identify these statements as forward looking and provide meaningful cautionary statements identifying important factors that could cause actual results to differ from the projected results. All statements other than statements of historical fact made in this report are forward looking. In particular, the statements herein regarding industry prospects and future results of operations or financial position are forward-looking statements. Forward-looking statements reflect management's current expectations and are inherently uncertain. Our actual results may differ significantly from management's expectations.

The following discussion and analysis should be read in conjunction with the financial statements and notes thereto included elsewhere in this report and with our annual report on Form 10-KSB for the fiscal year ended December 31, 2006. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of our management.

Overview

Great American Family Parks is in the business of acquiring, developing and operating local and regional theme parks and attractions both in the U.S. and internationally. We are in the process of building a family of parks primarily through acquisitions of small local or regional privately owned parks. Our goal is to develop a series of compatible, but distinct entertainment and amusement products including themed amusement parks, associated products, food and beverage, and multimedia offerings. The implementation of this strategy has begun with themed amusement parks and attractions. Our business plan is to acquire existing properties with three criteria in mind:

-

Properties that have an operating history and are profitable;

-

Properties where our management team believes the potential exists to increase profits and operating efficiencies; and

-

Properties where there is additional, underutilized land upon which to expand operations.

It also is our belief that acquisitions should not unnecessarily encumber the Company with debt that cannot be justified by current operations. By using a combination of equity, debt and other non-traditional financing options, we intend to carefully monitor shareholder value in conjunction with our pursuit of growth.

Great American Family Parks, Inc. is the parent corporation of the following wholly owned subsidiaries:

(1) GFAM Management Corporation, an Idaho corporation. GFAM Management Corporation is responsible for overall management of all operating entities, which includes our Wild Animal Safari theme park and any additional theme parks we may acquire. GFAM Management Corporation does not generate any revenues separate from the operating units at present;

(2) Wild Animal Safari, Inc., a Georgia corporation that operates and owns the Wild Animal Safari theme park in Pine Mountain, Georgia.

Results of Operations

Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2006

Revenues for the three months ended March 31, 2007 were \$537,928, compared to \$1,868,283 for the three months ended March 31, 2006. This represents a decrease of \$1,330,355, or 71% comparing the two periods. The decrease in revenue for the three months ended March 31, 2007 is primarily the result of the sale of Crossroads Convenience Center, LLC. The revenues for the corporation and the amusement park were \$537,928 compared to \$268,327 for the three months ended March 31, 2006. This represents an increase of \$269,901 or 100% when isolating the present operations.

Gross profit decreased by \$2,900, or -1%, to \$295,339 for the three months ended March 31, 2007 compared to \$298,239 for the three months ended March 31, 2006. The change in gross profit is primarily the result of increased receipts at Wild Animal Safari, Inc and the elimination of the convenience store, which had high sales volumes, but low gross profit margins.

For the three months ended March 31, 2007, selling, general and administrative expenses totaled \$381,612. This was an increase of \$4,945 or 1%. The increase in selling, general and administrative expenses is a result of expanded volume of operations for the amusement park and an adjustment of general expenses.

Interest expense was \$47,055 and \$53,620 for the three months ended March 31, 2007 and 2006, respectively. This was a decrease of \$6,565 or 12%. The reason for this decrease was the elimination of long term debt on Crossroads Convenience Center and the decrease in long term debt.

Our net profit was \$5,479 for the three months ended March 31, 2007 compared to a net loss of \$120,833 for the three months ended March 31, 2006. The increase in profitability for the three months ended March 31, 2007 was due to the improved operations at Wild Animal Safari Inc, management fees and the elimination of the marginal performance from the convenience store.

Liquidity and Capital Resources

Our total current assets at March 31, 2007 were \$1,334,431 including \$1,076,745 in cash, as compared with \$279,353 in total current assets at March 31, 2006, which included cash of \$95,486. Additionally, we had shareholder equity in the amount of \$4,002,045 at March 31, 2007, as compared to shareholder equity of \$2,387,710 at March 31, 2006. This change was a result of \$1,614,335.

Our cash on hand increased \$981,259 to \$1,076,745 as of March 31, 2007, as compared to cash on hand of in the amount of \$95,486 for the 3 months ended March 31, 2006.

Our accounts receivable at March 31, 2007 was \$163,194, compared to \$42,367 at March 31, 2006. The change in accounts receivable is primarily due to the elimination of the convenience store and a receivable for management services.

As of March 31, 2007, we had a positive working capital of \$1,099,443 as compared to a deficiency of \$538,440 at March 31, 2006. A major portion of our debt was attributed to consulting fees and attorney fees. The sale of Crossroads Convenience Center reduced these debts, and created cash to start expansion of the amusement park.

The current portion of long-term debt at March 31, 2007 was \$64,190 compared to \$113,404 as of March 31, 2006.

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As of March 31, 2007, our total bank debt was \$2,228,941 as opposed to \$3,014,089 at the end of March 31, 2006. The long term debt for Crossroads Convenience Center was paid in full.

We believe that we have sufficient cash, other current assets and operating cash flow to sustain foreseeable organic growth throughout the next fiscal year. Management intends to seek additional needed funds through financings or other avenues such as loans, the sale and issuance of additional debt and/or equity securities, or other financing arrangements for acquisitions and expansions. Any future capital raised by our company is likely to result in substantial dilution to existing stockholders.

Our principal source of income is from cash sales, which are expected to provide sufficient cash flow to service our current debt.

Financings

During the second quarter of 2005, we obtained funding needed to complete the purchase of Wild Animal Safari through a private placement of approximately 11,128,000 shares of our common stock and 11,128,000 warrants resulting in gross proceeds of approximately \$3,338,400. We will require additional debt and/or equity funding in order to pursue our strategy of acquiring additional theme parks, which is our intended business plan. However, we will be able to support our operations over the next 12 months from our revenues even if the funding necessary to complete further potential acquisitions does not materialize.

On June 13, 2005, we completed our acquisition of the assets of Ron Snider & Associates, Inc. also known as Pine Mountain Wild Animal Park, located in Pine Mountain, Georgia. At closing, we paid \$350,000 in cash and a promissory note for \$350,000. The promissory note bears interest at 7.5% per annum and is payable in eighty-three monthly payments of principal and interest of \$5,368. We also entered into a Real Estate Purchase agreement for the underlying land and all buildings, improvements and fixtures of the park for \$4,000,000. We paid \$2,000,000 in cash at closing and issued a promissory note for \$2,000,000. The note bore interest at 7.5% per annum and was payable in eighty-three monthly payments of principal and interest of \$30,676. Both notes were secured by a first priority Security Agreement on the operating assets and a first Security Deed on the real estate. An agreement extension payment of \$50,000 for extension of closing was also paid in addition to 50,000 shares of Company stock.

On November 17, 2005, our wholly owned subsidiary, Wild Animal Safari, Inc., completed the refinancing of the debt we incurred on June 13, 2005 in connection the acquisition of the Wild Animal Safari theme park from Ron Snider & Associates, Inc. and related entities. A new loan in the principal amount of \$2,300,210 was obtained from Commercial Bank & Trust Company of Troup County in LaGrange, Georgia. As a result of this refinancing, the promissory notes in the aggregate principal amount of \$2,350,000 that were issued to Ron Snider & Associates, Inc. and its affiliated entities were paid in full and the liens which were held by those entities against the Wild Animal Safari theme park assets were released. The new loan is secured by a first priority security agreement and a first priority security deed on the Wild Animal Safari theme park assets.

In addition, on November 17, 2005, our Wild Animal Safari, Inc. subsidiary obtained a line of credit loan from Commercial Bank & Trust Company of Troup County for working capital purposes in the principal amount of \$200,000. This line of credit loan is renewable annually, subject to the satisfactory performance by Wild Animal Safari, Inc. under the terms of the line of credit. It is also secured by a lien on the Wild Animal Safari theme park assets.

Off Balance Sheet Arrangements

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity or capital expenditures.

Summary of Significant Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of any contingent assets and liabilities. On an on-going basis, we evaluate our estimates. We base our estimates on various assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

An infinite number of variables can be posited that could have an effect on valuation of assets and liabilities. For example, it is assumed that:

-

Revenue and profit growth at Wild Animal Safari subsidiary will continue;

-

The infrastructure will accommodate the additional customers;

-

Cost of improvements and operations will remain a relatively stable budgeted allocation;

-

Per capita spending by the customers will continue to rise in relation to the rise in capital expenditures;

If any one of these assumptions, or combination of assumptions, proves incorrect, then the values assigned to real estate, per capita revenues, attendance and other variables that have remained consistent over the past two years may not be realized. The same would be true if higher than expected revenue streams occurred.

Item 3.

Controls and Procedures.

We maintain disclosure controls and procedures that are designed to ensure that the information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that this information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective in timely alerting him to material information required to be included in our periodic reports with the Securities and Exchange Commission.

Disclosure controls and procedures are our controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

PART II

Item 1.

Legal Proceedings.

We are not a party to any pending legal proceedings, other than routine litigation deemed incidental to our business. There are no legal, administrative, arbitral, governmental or other proceedings, actions or governmental investigations of any nature pending or, to the best knowledge of the Company, threatened, against the Company, which could result in a material loss to the Company. The Company is not subject to any order, judgment, injunction, rule or decree that has or could result in a material loss to the Company.

Item 2.

Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable.

Item 3.

Defaults Upon Senior Securities.

Not applicable.

Item 4.

Submission of Matters to a Vote of Security Holders.

Not applicable.

Item 5.

Other Information.

Not applicable.

Item 6.

Exhibits.

**Exhibit
Number**

Description

31.1	Certification by Chief Executive Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.2	Certification by Chief Financial Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.1	Certification by Chief Executive Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2	Certification by and Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GREAT AMERICAN FAMILY PARKS, INC.

SIGNATURE

TITLE

DATE

By: /s/ Larry L. Eastland

Larry L. Eastland

President, Chief Executive Officer and
Chairman of the Board of Directors

May 14, 2007

(Principal Executive Officer)

By: /s/ Richard W. Jackson

Richard W. Jackson

Chief Financial Officer and Director

May 14, 2007

(Principal Financial and Accounting
Officer)